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Revenue (Special) (192 /) Department.

Miscellaneous SERIES.

G.O. No. 140

140

DATED 26-1-1921

[Despatch Abstract.]

Cooperative Societies.

Registration - Hospet Central Bank - Registrar's report for

O.F. 20—9,886—22-1-18

DEPARTMENT

S. 175-III

Received ..... 191 *Registered* 20 1 1921

Subject

Reporting the registration of the Hospet Co-operative Central Bank Ltd., No. 5398:

ENCLOSURES.
No. One
Spare copies

R.C. No. 3697/1920.

Station Madras. *Dated the* 17th January 191 .

From (Name) F R Hemingway Esq., I.C.S.,
(Designation) Registrar of Co-operative Societies, Madras,

To The Secretary to the Government of Madras,
Revenue (Special) Department.
Fort St. George,
Madras.

Sir,

I have the honor to report that a new central bank called the Hospet Co-operative Central Bank Ltd., has been registered on 12th December 1920 and assigned the presidency No. of 5398

2. The new bank will have jurisdiction over the societies situated or to be registered in the revenue district of Bellary.

3. A copy of the by-laws of the bank as registered

registered is enclosed herewith.

I have the honor to be,

Sir,

Your most obedient servant,

For Registrar.

18.1.22

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BY LAWS OF THE
CO-OPERATIVE CENTRAL BANK LIMITED,
HOSPET.

The Co-operative Central Bank Ltd., Hospet No 366 is registered as a co-operative society under Act II of 1912. Its objects shall be to organize, to finance and, subject to the provisions hereinafter contained, to arrange for the supervision of co-operative societies established in the Bellary District and registered either under Act X of 1904 or under Act II of 1912. Its address shall for the present be Hospet. Its operations shall extend to the whole of the Bellary District. It may be referred to in these by-laws briefly as "Central Bank."

2. A society in these by-laws means a co-operative society registered either under Act X of 1904 or under Act II of 1912 and admitted as a member of the Central Bank. A member includes a society unless the contrary appears from the context.

3. The capital of the Central Bank shall, for the present, be Rs. 50,000 made up of 1000 sharee of Rs. 50 each. Every co-operative society within the said Bellary District shall be eligible for admission and also any person over 18 years of age and of sound mind provided that not more than 500 shares shall at any time be allotted to applicants other than societies.

4. Every member joining the Central Bank must take up at least one share, but no individual member can at any time hold shares exceeding Rs. 1000 in face value. Each society shall take one share for every Rs. 1000 which it wishes to borrow from the Central Bank, but every society on unlimited liability basis shall, unless specialty exempted from this provision by the Registrar, take up as many shares as its own share capital will permit, within such time or times as may be prescribed by the Registrar. A society registered as a Supervising Union shall not be bound to take more than one share. The duty of admitting members and of allotting shares to them shall vest in the Board of Management referred to in by-law No. 18 below, who may reject any application without assigning any reason.

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5. The liability of a member shall be limited to the share capital subscribed by such member.

6. No member shall be permitted to transfer any share held by him, unless the transferee be a member or some person whom the Board of Management is willing to admit as a member and provided in any case that the transfer of a share shall not be operative unless and until it is sanctioned by the Board of Management. No member shall at any time be permitted to withdraw any share or shares held by him, provided that with the sanction of the Registrar any society member may withdraw the whole of its shares at any time for the purpose of affiliating itself to another Central Bank.

7. (1) If a member dies his membership shall *ipso facto* cease.

(2) (*a*) Every member of the Central Bank may nominate any person to succeed, in the event of his death, to his share or interest in the Central Bank. Such nomination shall, in the event of his death, be given effect to by the Central Bank provided that—

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(*i*) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same ;

(*ii*) the nomination has been registered in the books of the Central Bank kept for the purpose ; and

(*iii*) the person nominated shall have been admitted by the Board of Management as the member of the Central Bank under by-law 4.

(*b*) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the Central Bank, the heir or legal representative of the deceased or any person nominated by such heir or legal representative within one month of the death of the deceased member, shall be entitled to succeed thereto, provided such heir or legal representative or his nominee shall have been admitted by the Board of Management as a member of the Central Bank under by-law 4.

(*c*) In the event of there being no person entitled to succeed under clause (*a*) or (*b*) of this by-law to the share or interest of the deceased member of the Central Bank, the Central Bank shall pay to the nominee of the deceased or to his heir or legal representative, as the case may be, a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the Central Bank.

8. A past member shall be liable as provided in by-law 5 for the debts due by the Central Bank as they existed on the date when he ceased to be a member, for a period of two years from such date. The estate of a deceased member shall be liable, as provided in by-law 5 for the debts due by the Central Bank as they existed on the date of his decease for a period of one year after his decease.

Funds.

9. The Central Bank will ordinarily obtain funds from the following sources:—

(1) Share subscriptions.
(2) Deposits.
(3) Other borrowings.
(4) Entrance fees and miscellaneous fees.

10. The value of each individual share shall be paid in one lump on admission or in instalments. When paid in instalments, Rs. 10 shall be paid with the application, Rs. 10 on allotment and the balance in three calls of Rs. 10 each, it being left to the discretion of the Board of Management when each such call shall be made, provided that the interval between two successive calls, shall be at least three months. Share capital paid in advance shall be reckoned for the purpose of dividend. A member who elected to pay the share value in instalments may pay the whole or any portion of the balance at any stage in advance. A member shall be competent to exercise the rights of membership on payment of the sum of Rs. 20 payable with application and on allotment.

11. Any individual member not paying the instalment payable on allotment or a subsequent call within three months after notice of such call shall be liable to pay the same with interest at 9 per cent per annum until payment and if he continues as a defaulter for another period of three months the Board of Management may remove him from his membership. The share capital actually paid by the defaulting member shall be paid back to him either at once upon his removal, or when a purchaser for the share or shares is forthcoming and the latter is one to whom the share or shares can be transferred as laid down in by-law 6.

12. The Board of Management may receive deposits or loans at their discretion either from members or from others and it shall be open to them to settle the terms on which deposits or loans shall be taken, provided that deposits from co-operative societies and next to them those from other members shall be received in preference to all other kinds of deposits. The Reserve Funds of co-operative societies shall be received as deposits. Interest on such deposits shall be 6 per cent per annum.

13. Every member shall, on admission, pay an entrance fee of one rupee per share. Every transferee of a share shall pay a like fee of one rupee per share.

Loans.

14. The funds of the Central Bank shall be primarily utilized for the purpose of granting loans to co-operative societies registered under India Act X of 1904 or India Act II of 1912. Loans may also be granted to individual members on the security of their deposits in the Central Bank not exceeding 90 per cent of the amount of such deposits.

15. No society shall at any time be indebted to the Central Bank by way of principal to the extent of more than its maximum borrowing power as fixed from time to time in the by-laws of the society.

16. It shall be the duty of the Board of Management to deal with all applications for loans received from co-operative societies; to obtain from local unions and where necessary, from the Registrar, full information regarding such societies and to see that loans are granted to them with due care and caution. The Board of Management shall settle all details in regard to the period of repayment of loans granted by them, the instalments of repayment, the rate of interest etc., provided that the rate of interest charged on loans shall for the present be 8½ per cent per annum. Interest on overdue interest shall be levied at 8½ per cent per annum. One-fourth per cent of the interest realised shall be deemed to be additional interest and shall be carried direct to the Reserve fund and another quarter per cent to the supervision fund.

17. It shall be open to the borrower to repay a loan wholly or partially before the due date according to his convenience.

Management.

18. The Management of the Central Bank shall vest, ~~at present~~, in a Board consisting of (1) as many members as there are supervising unions in the area of jurisdiction above defined, one member being elected by each such union at a meeting of its general body from among the representatives of society members of the bank and (2) a number, one less than the above but subject to a minimum of 5, elected by the individual members of this bank, from among themselves. The members of the Board of Management shall hold office for a period of two years provided that it shall be competent to the general body concerned to remove a member of the Board of Management at any time and elect a successor for the unexpired period of his tenure of office. Should a vacancy occur in the Board of Management during the period of the said two years it shall be filled up by the remaining members of the Board of Management until the next annual meeting of the general body concerned when it shall be filled by election, provided that the proportion of members of the Board of Management re-presenting share-holding societies shall always remain unaffected.

19. In the case of members of the Board of Management residing outside the limits of the Hospet Municipality, single second-class fare to and from the

railway station nearest their usual place of residence may be granted and a mileage at As. 3 for any road journeys performed when it exceeds five miles

20. The members of the Board of Management shall elect from among themselves a President ~~who shall also be the Treasurer, a Vice-President,~~ and a Secretary. a Treasurer

21. The entire administration of the Central Bank shall vest in the Board of Management which shall meet at least once a ~~month.~~ quarter - Subject to the

All remittances intended for the Central Bank shall be addressed to the Secretary.

The President or the Secretary may be invested with powers to operate upon any current account or accounts that may be opened in the name of the Central Bank.

22. The general body of the Central Bank shall consist of the following members :—

(1. The members of the Board of Management.
(2) Individual members and
(3) Delegates representing societies.

Each society being a member of the Central Bank shall at a general meeting appoint a delegate; vacancies among delegates shall be filled up in the same manner. A delegate ceasing to be a member of his society shall cease to be its delegate. Every delegate shall hold office for a period of one year or until his successor shall have been appointed; provided that it shall be competent to any society at any time to remove its delegate and appoint another. Each delegate shall have only one vote.

23. The Board of Management shall meet from time to time to conduct the business of the Central Bank. It shall however, be open to the Secretary to circulate papers among the members of the Board and to take their decision on any subject. All questions shall be decided by a majority of votes but no resolution of the Board of Management shall be valid unless at least 3 members of whom one at least shall not be an office-bearer vote in favour of it. When the last condition is fulfilled and votes are equal the opinion of the presiding member shall prevail. the quorum for such a meeting shall be not less than one third of the members of the Board =

Supervision.

24. The Central Bank shall set apart one-quarter per cent out of the eight and a half per cent interest realised on all loans advanced to primary societies by the Bank and shall transfer such amount to the registered local supervising unions or to other registered supervising bodies to which the societies concerned are affiliated. It shall, however, administer such fund in respect of societies not affiliated to any supervising body until such affiliation takes place.

25. The Central Bank shall however have power to call for from the supervising bodies such information, statements and returns as are necessary to ascertain the financial condition of the societies affiliated to such bodies and to ensure the safety of sums lent to them.

General Meetings.

26. The ultimate authority in all matters relating to the administration of the Central Bank shall vest in the general body. A general body of the Central Bank shall be convened by the Board of Management once a year or oftener whenever found necessary for the conduct of business. The following among other

xx control of the Board of Management - The detailed administration of the Bank shall vest in an Executive Committee Consisting of the President the Treasurer the Secretary + 2 other members of the Board of Management to be selected by the Board of Management. The Executive Committee may exercise any of the powers of the Board of Management expressly delegated to it by the Board =

matters shall be dealt with by the general body

(1) Adoption of the annual administration report.
(2) Consideration of Registrar's notes of audit or inspection
(3) Amendment or repeal of existing by-laws or the enactment of new by-laws.

(4) The election to the Board of Management of the representatives of the individual members according to the provisions of by law No. 18 and removal of any member thereof.

(5) Appeals from members from the orders of the Board of Management.

27. If not less than 15 members ask for a meeting of the generalbody, the Board of Management shall arrange for the holding of the same.

28. The quorum for a general body shall be 15. All questions before the meeting shall be decided by a majority of votes. Every member present shall have only one vote.

Profits.

29. The net profits of the Central Bank as declared by the Registrar, every year shall be divided as follows :—

(i) Twenty-five per cent shall be carried to the credit of the Reserve Fund in addition to the ½ per cent additional interest realised and carried directly to the Reserve Fund under by-law No. 18.

(ii) A sum not exceeding one-eighth may be paid to the Secretary as honorarium subject to a maximum of Rs. 300 per annum.

(iii) Out of the remainder a dividend, subject to a maximum of 9 per cent per annum, on the paid-up value of each share may be divided among members existing on the last day of the co-operative year proportionately to the amount of paid-up share capital held by each. If, in any year, the sum actually dividend as dividend is less than the amount divisible under this by-law, the difference may be carried to a dividend equalisation fund to be available for distribution in any subsequent year when the dividend earned out of the profits of the year may fall short of the rate of 9 per cent per annum.

(iv) If any balance is left after paying items (i) to (iii), a sum not exceeding 7½ per cent of the net profits may be set apart as Common Good Fund for carrying out ~~any of~~ the objects specified in section 2 of the Charitable Endowments Act VI of 1890, namely ~~Co-operative Propaganda~~ Education

(v) A sum not exceeding the average working expenses of the Central Bank for three months may be carried forward to the next year.

(vi) The balance, if any, shall be added to the Reserve Fund.

Reserve Fund.

30. The Reserve Fund shall be one and indivisible. It belongs to the members of the Central Bank collectively and it shall not be drawn upon except with the sanction of the Registrar to make losses good. No member can claim a specified share in it. It shall be invested in such manner as the Registrar may direct. Even if the Central Bank be dissolved, the Reserve Fund shall not be divided amongst the members but, if not absorbed by losses, shall be devoted to some public purpose ~~benefiting co-operative societies,~~ at the discretion of the general body.

Miscellaneous.

31. Should any doubt arise either in the construction of India Act II of 1912 or of these by laws, or in regard to any other matter more especially in regard to the supervision and audit of societies, it shall be the duty of the Board of Management or of the general body to obtain the advice of the Registrar and to abide by it.

32. No amendment to, or alteration in, or cancellation of, a by-law and no enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

33. Within fifteen days after the close of the co-operative year ending June 30, the Central Bank shall prepare :—

(i) a statement showing the receipts and disbursements during the past year.

(ii) a statement showing the assets and liabilities as they stood on the last day of such year.

(iii) a statement showing the profit and loss as they stood on the last day of such year.

34. These three statements shall be submitted to the Registrar without delay. After the Registrar has verified these three statements and granted his audit certificate, the Central Bank shall publish the same.

35. If any dispute arises touching the business of the Central Bank between members or past members of the Central Bank, or persons claiming through a member or past member or between a member or past member or persons so claiming and the Board of Management, the party or parties concerned may refer the matter in writing to the Registrar. Similarly, in the case of a dispute relating to a debt due to the Central Bank or by a member past member or persons claiming through a member or past member a reference in writing may be made by either party to the Registrar. It shall be open to the Registrar to decide himself or refer it to an arbitrator or arbitrators as provided in clause 2 of rule XII framed under section 43 of the Act by Government. The decision or award of the Registrar or of the arbitrator or arbitrators as the case may be, shall be final and it shall be presented for execution to the civil court having jurisdiction over the Central Bank.

Note:—"Member" in this by-law includes "a society" affiliated to the Central Bank.

Victoria Press, Kurnool.